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7 November 1961

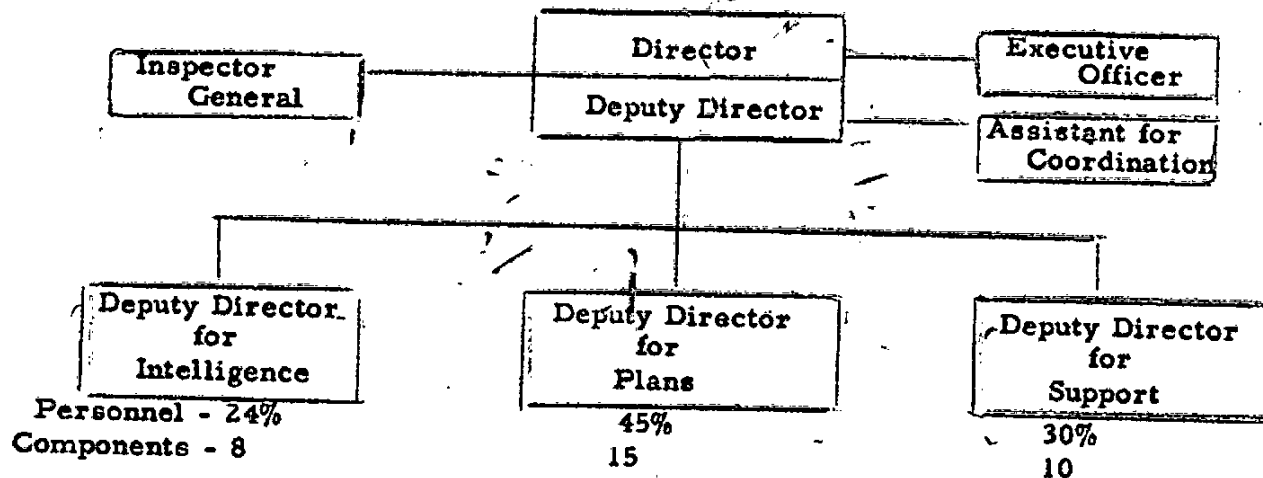
EYES ONLY

Memorandum For Mr. McCone

Subject: Organization of CIA

1. This memorandum is on the subject which we discussed October 27 regarding the relative emphasis placed by the clandestine services on covert action versus espionage and counterespionage. You will recall that I suggested that the overemphasis on covert action, or lack of emphasis on clandestine intelligence, whichever it may be, could be corrected by executive action rather than an organizational change such as placing the responsibility for covert action in a separate component such as we once had. The purpose of this memorandum is to recommend to you an organizational realignment by which the appropriate executive direction can be established to achieve the proper emphasis on clandestine intelligence and on covert action. Because this subject bears directly on the entire organization of the Agency, I have presumed to present a plan to reorganize the Agency to achieve objectives which I consider vital to good management.

2. The present organization of CIA divides the Agency into three Deputies areas with each Deputy reporting directly to the Director. This illustration shows the organization indicating the number of major units under each Deputy and the percentage of employees in the Deputies areas assigned to each.

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This organization, in my opinion, has the following major deficiencies:

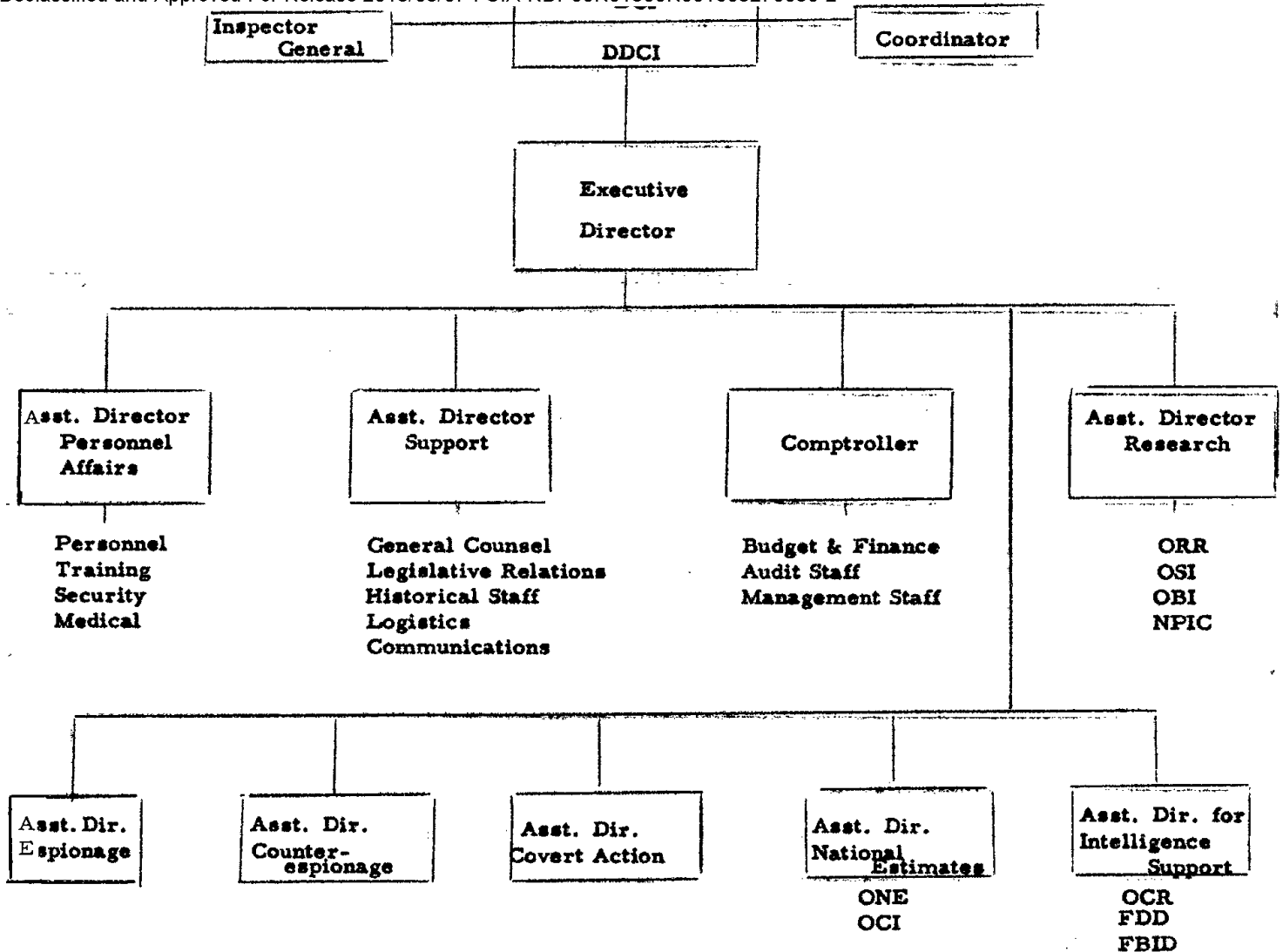
- a. It has reduced the span of the command of the DCI to too narrow a base -- actually three units inasmuch as the Inspector General, Executive Officer and Coordinator are staff officers.**
- b. It has decentralized the organization and delegated authority to a dangerous degree with the resultant loss of control by the Director.**
- c. It has resulted in the creation of what are practically three independent organizations within CIA, which while bound together by a common set of rules and regulations, nevertheless follow differing policies on such fundamental matters as promotions, overtime, housing and entertainment allowances, publications, etc.**
- d. It has resulted in internal staffs in each Deputy's area many of which are duplicative and excessive echelons. It has also resulted in an excessive number of support personnel throughout the Agency.**
- e. It has resulted in the creation of loyalties to individual components and Directorates rather than to the Agency. Our present Career Service system is administered on the basis of a series of associated career services and not as a CIA service.**

3. The CIA three-deputy system possibly could be made effective. As you know, the President's Board of Consultants on two occasions recommended the creation of an Executive Director or Chief of Staff in the Agency. These recommendations were directed at freeing the DCI and DDCI for greater effort in the field of inter-agency coordination, and also at improving management in the Agency. You are familiar with the work of such an office which would be comparable to the General Manager in the AEC. Such an officer could contribute greatly to the management of CIA either under the three-deputy system or the organization I propose below.

4. The suggested organization of the Agency would abolish the present three-deputy system and in its place establish nine assistant directorates each reporting directly to the Director. As arranged on the chart below, this organization would in effect have three Assistant Directors over the components now assigned to each of the Deputy Directors.

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a. The Assistant Director for Personnel Affairs would take over the responsibility for the present Personnel, Training, Security and Medical Offices. This would raise the level of the management of personnel affairs in the Agency and would group in one organization all of those offices directly concerned with personnel matters. It would allow a single voice to speak for personnel matters, something that is not true in the present organization. This Assistant Director should be given considerable authority over all personnel actions.

b. The Assistant Director for Support would be concerned primarily with the management of the Logistics and Communications Offices. In addition, this Assistant Director would have the General Counsel, Legislative Relations and the Historical Staff. While it could be argued that the General Counsel should be put on a higher echelon, the simple facts are that the General Counsel of this Agency has no activities comparable to those of the general counsels of other departments and agencies.

c. Comptroller. This individual would be the Comptroller in the true sense of the word and would have the financial responsibilities of the Agency under his jurisdiction just as the comptroller of a major corporation would have. The office in the Agency which today is called Comptroller is misnamed. This is simply a budget and finance office and has none of the traditional authorities associated with a comptroller. Under the new organization, the Comptroller would have the present office known as Comptroller which should be renamed Budget and Finance, the Audit Staff and a new and revitalized Management Staff.

d. The fourth major component would be the Assistant Director for Research who would have under him the Office of Research and Reports, the Office of Scientific Intelligence, the Office of Basic Intelligence and the National Photographic Intelligence Center. All of these are research organizations and have considerable in common.

e. The Assistant Director for National Estimates would have under him the Office of National Estimates and the Office of Current Intelligence as presently constituted. These offices should be merged as presently the Office of Current Intelligence is engaged in making spot estimates and should be under the direct control of the Assistant Director for National Estimates. It is possible that such a merger could effect manpower savings.

f. Assistant Director for Intelligence Support would encompass the present Office of Central Reference, Foreign Documents Division and Foreign Broadcast Information Division. This results in the elimination of the present Office of Operations which would lose its third division -- the Contact Division, which should become the Domestic Division in what is presently known as the Clandestine Services.

g. In place of the present DD/P, three Assistant Directors would be created. One each for Espionage, Counterespionage and Covert Action. The Assistant Director for Espionage would have his immediate staff, the present Foreign Intelligence Staff and a considerable portion of what is called the Operational Services Staff which handles the Records Integration Division or central files of the Clandestine Services. The Assistant Director for Counterespionage would have in his immediate staff the present Counter Intelligence Staff. The Assistant Director for Covert Action would have the current Covert Action Staff in his immediate office. These three Assistant Directors would have under them the present area divisions of the DD/P. The allocation of relative responsibilities to the area divisions would be done by these three Assistant Directors working together and under the direct guidance of the DCI and the Executive Director.

h. Above all of the Assistant Directors and in the chain of command to the Director would be an Executive Director whose primary responsibility would be the internal management of the Agency on behalf of the Director.

5. The proposed organization, in my opinion, has several major advantages over the present one to commend it. By creating three Assistant Directors over the Clandestine Services a better system of checks and balances is established to insure the proper emphasis of espionage, counter-espionage and covert action. This will also provide a more objective measurement of covert action by having an Assistant Director for Espionage who will not be directly involved in mounting operations in the covert action field and who thus would be more likely to issue warnings when he was concerned that the intelligence did not indicate the desirability of a proposed action. But in addition to this check and balance, I would also propose that an examination be made for more realistic appraisal of clandestine intelligence possibly under the Assistant Director for National Estimates.

6. The above has been presented for your consideration. If you wish more detail, additional or different proposals, I will be pleased to prepare them.

Lyman B. Kirkpatrick
Inspector General

LBK/jrc

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